

LNF & IHCIF Calculations Illustration

- Grand Traverse in Bemidji area -

Given Data

- 1,426 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 25% = % Expenditures on purchased services, 75% = % expenditures in-house
- 97.2% = Cost index for purchasing health care in this geographic area
- 130.7% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

Cost Adjustment Calculations

- \$724 per person for purchased services = $25\% * 97.2\% * \$2,980$
- \$2,921 per person for in-house services = $75\% * 130.7\% * \$2,980$
- \$3,645 per person total = \$724 (purchase) + \$2,921 (in-house)
- **\$3,861 per person total** adjusted for health status = $\$3,645 * 105.9\%$
- **\$3,116 per person net cost** = $\$3,861 - \745 Other resources (M&M&PI)

Existing Expenditures (for 1,426 users excluding wrap-around and collections)

- \$1,358 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,506 per person for OU users** = $\$1,358 + \$94 + \$54$

LNF Calculation

- **39.0% Gross LNF** = $\$1,506$ (expenditures) / $\$3,861$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **48.3% Net LNF** = $\$1,506 / \$3,116$ net cost ($\$3,861 - \745 other)

IHCIF Allocation

- \$517,963 = \$ to raise LNF% from 48.3% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$18,067 Allocation** = $\$517,963$ needed for 60% * 3.488% IHCIF fraction

Grand Traverse Unmet Needs

- **\$4,442,992 Net Total Need** = 1,426 users * \$3,116 net cost
- **\$2,295,160 Net Unmet Need** = $(100\% - 48.3\% \text{ LNF}) * 1,426 \text{ users} * \$3,116 \text{ net cost}$